

Military Affairs

(LFB Budget Summary Document: Page 378)

LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
2a	National Guard Tuition Grant Program (Paper #555)
2a&8	Minor Policy and Technical Changes (Paper #556)
-	Regional Emergency Response Teams Appropriation -- Level A Teams (Paper #557)
-	Emergency Response Equipment Appropriation -- Level B Teams (Paper #558)
-	Emergency Response Supplement Appropriation (Paper #559)

Budget Memo

Agency: Military Affairs

Staff Recommendations:

(NOTE: Our recommendations correspond with
Sen. Moen's suggestions)
According to Jahr, Jauch is fine with all our recommendations

Paper No. 555: Alternatives 3 & 6(c) (together)

Comments: Moen's bottom line is 100% reimbursement, plus tuition reimbursement for warrant officers. Alternatives 1, 2 or 3 would all provide 100% general reimbursement, but FB seems to think alt 3 is the best option from a technical budgeting perspective (see paragraph 16 for explanation of our recommendation)

See paragraphs 23 & 24 for explanation of warrant officer situation (i.e. alt 6(c)). Moen really wants this passed!

Also, Jauch may have a motion to make tuition reimbursement retroactive for warrant officers.

Paper No. 556: Part A -- Approve modifications to bill
Part B -- Approve modification to bill

Paper No. 557: Alternative 1 (no action needed)

Comments: Moen, Jauch and Cowles want alt 1. It seems Jane Meyer, at SERB, has everyone convinced that changing the appropriation from continuing to sum certain would cause the emergency response teams all kinds of trouble, etc. But FB makes a good case for alt 3 in paragraphs 14 & 15, and we feel it would be the better alternative - from a fiscal/good budgeting standpoint. There really should be some accountability here.

Paper No. 558: Alternative 2

Comments: Moen and staff (i.e. us) feel alt 2 is the best option here (see paragraphs 4, 6 & 9 for support of this recommendation). However, Jauch and Cowles want alt 1, plus a motion to eliminate a sunset date for lower cost share requirements (i.e. to save counties money on equipment). Jane Meyer doesn't want unused money to lapse. We still think Alt 2 is clearly better, but you could also do a motion to eliminate the sunset date with alt 2. Also, Jauch has another motion to extend audit requirement to all hazmat operations.

*Kaufert motion
for 75%*

2 and 3 (last sentence)

Paper No. 559: Alternative 1 (but see comments below)

Comments: Cowles and Jauch want alt 2 (maintain current law) plus a motion to include SB 57 (which JFC recently passed unanimously). SB 57 includes language to authorize an audit, and Jane Meyer says JFC shouldn't act until audit is completed (also, she doesn't want to have to come back to JFC for \$ approval, and alt 1 would require that). But paragraphs 7 & 8 seem to indicate that alt 1 would be a good option.

If Jauch and Cowles can do their deal, that would be acceptable. Jensen may want to call on Cowles or Jauch for the motion here.

*For items which no FB papers have been prepared, **no action is needed**, because you are working off the gov's bill.*

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

National Guard Tuition Grant Program (Military Affairs)

[LFB Summary: Page 378, #2a]

CURRENT LAW

The Department of Military Affairs (DMA) administers a tuition grant program for Wisconsin National Guard members. Grants are provided for 50% of actual tuition expenses, not to exceed 50% of the resident undergraduate tuition at UW-Madison for a comparable academic load, for up to eight full semesters of undergraduate courses or 120 credits of part-time study. Students have 90 days after the completion date of the course to apply for reimbursement. Tuition reimbursement is provided for enlisted members only and only for baccalaureate degree work.

GOVERNOR

Increase the percentage of tuition reimbursement under the program from 50% to 100% and provide an additional \$2,000,000 GPR annually to fund the increased national guard tuition grants. Include an estimated lapse of \$1,000,000 GPR annually of the \$2 million appropriated to the program in the 1997-99 biennium in the general fund condition statement. Provide that this change in reimbursement levels would first apply to courses completed on or after the effective date of the bill.

DISCUSSION POINTS

1. The Department has requested this increase because it believes that the enhancement of the tuition grant program would assist in its recruiting and retention efforts. In the last four years the guard's actual strength has declined by almost 2,000 members. DMA is concerned because if it does not regain strength it has been warned that the state could lose national guard units which might be shifted to other states. DMA has begun a recruitment campaign to increase the Wisconsin Army National Guard's strength by 1,000 members.

2. Table 1 shows the number of recruits, separations and change in overall strength of the Wisconsin Army and Air National Guard from federal fiscal year (FFY) 1986 through FFY 1996.

TABLE 1

**Wisconsin National Guard Strength
As of September 30 of Each Federal Fiscal Year**

<u>FFY</u>	<u>Recruits</u>	<u>Separations</u>	<u>Net Change</u>	<u>Actual Strength</u>	<u>Authorized Strength</u>	<u>Actual Strength as % of Authorized Strength</u>
1986	2,361	2,157	204	10,976	11,360	96.6%
1987	2,503	2,376	127	11,103	11,798	94.1
1988	2,077	2,076	1	11,104	11,975	92.7
1989	2,510	2,326	184	11,288	12,036	93.8
1990	1,985	2,220	-235	11,053	12,058	91.7
1991	1,682	1,606	76	11,129	12,283	90.6
1992	2,053	1,786	267	11,396	11,451	99.5
1993	1,672	1,951	-279	11,117	11,059	100.5
1994	1,556	2,014	-458	10,659	10,918	97.6
1995	1,446	2,299	-853	9,806	10,346	94.8
1996	1,518	1,878	-360	9,446	10,735	88.0

3. As can be seen from Table 1, even though the Wisconsin National Guard's authorized strength has been reduced from a high of 12,283 in FFY 1991 to a level of 10,735 in FFY 1996, the Guard's actual strength as a percent of authorized strength as of September 30, 1996, was 88%.

4. DMA argues that to increase Guard strength it needs to have additional incentives and that a full reimbursement of tuition would be attractive, particularly because a significant portion of the new Guard members each year are persons of college-age to whom such an incentive would be appealing. For example, the Guard estimates that, based on a recent survey,

more than 90% of new, non-prior service enlistees view educational benefits as the primary reason for choosing to join the Guard.

5. In this regard, it may be noted that in the 1991-93 biennial budget a somewhat similar issue was addressed when the Governor recommended an increase in the then level of reimbursement from 25% to 35%. The Legislature actually ended up approving an increase in the level of tuition grant reimbursement from 25% to 50%. The primary concern expressed by DMA at that time was that the pool of young adults aged 18-21 that DMA typically views as the best source of new recruits for the Guard was expected to decline in the period between 1990 and 1995 and it was argued that the higher reimbursement level would increase the attractiveness of Guard membership to those persons.

6. An examination of the trend in new recruits and separations in the three years (FFY 1993 through FY 1995) following the effective date of the last increase (state fiscal year 1991-92) indicates a mixed result if one expects some correlation between the increase in grant reimbursement level and a change in number of new recruits and/or number of separations in succeeding years. The argument presumably would be that the number of new recruits should be up and the number of separations should be down compared to before the higher tuition grant reimbursement level was in effect. New recruits were up in the year (FFY 1992) following the increase and then were equal to or lower than the base year in the succeeding three years. Separations were greater in all of the succeeding four years than in the base year (FFY 1991).

7. The counter to above observations is that without the increases the experience would have been even less favorable. In addition, since strength is based on individual units, DMA would point out that the decline in authorized strength in those years would have had some effect on enlistments and separations as result of any shifts in assigned units from the state.

8. DMA puts particular emphasis on the requested increase as enhancing the incentive for enlistment. It estimates that some 50% of its new enlistees come from the high school graduate pool of young adults. However, as proposed, the increase in reimbursement levels would apply to all participants in the program including current guard members. DMA argues that it is equally important to retain existing members if current guard strength level is to be maintained and then further increased by 1,000. DMA does not have numerical data showing the number of guard members that remain in the national guard specifically because of the grant program. It is difficult to ascertain, therefore, what the impact of the tuition grant program has been on increased retention of existing members. However, DMA asserts the program has had a positive effect on retention as seen in the decrease of separations in the Army Guard.

9. The Department does have information indicating the percentage of Wisconsin Army National Guard enlistees who enlist primarily for educational benefits. DMA conducted a survey for the period October, 1996, through February, 1997, which showed that 94% of non-prior service army guard enlistees indicated educational benefits as primary reason for enlistment.

In contrast, only 25% of new enlistees who had had prior military service indicated educational benefits as the primary reason for enlistment.

10. Over the last several years, the demand for the national guard tuition grant program has varied. Table 2 shows the participation and expenditures levels since 1989-90.

TABLE 2

**Wisconsin National Guard Tuition Grant Program
Grants Awarded by Academic Term**

<u>Fiscal Year Terms Ending</u>	<u>Summer 7/01 - 8/31</u>	<u>Fall 9/01 - 1/31</u>	<u>Spring 2/1 - 6/30</u>	<u>Total</u>
1996-97 Grants	169	1,215*	N/A	N/A
Amount Paid	\$38,900	\$505,420*		
Average Amount	\$230	\$416		
1995-96 Grants	180	1,343	1,328	2,851
Amount Paid	\$37,056	\$533,843	\$523,659	\$1,094,557
Average Amount	\$206	\$398	\$394	\$384
1994-95 Grants	235	1,623	1,510	3,368
Amount Paid	\$44,580	\$619,460	\$575,691	\$1,239,731
Average Amount	\$189	\$382	\$381	\$368
1993-94 Grants	240	1,841	1,840	3,921
Amount Paid	\$44,293	\$647,554	\$634,935	\$1,326,783
Average Amount	\$185	\$352	\$345	\$338
1992-93 Grants	226	1,705	1,832	3,763
Amount Paid	\$38,595	\$573,219	\$602,405	\$1,214,219
Average Amount	\$171	\$336	\$329	\$323
1991-92 Grants	137	1,478	1,574	3,189
Amount Paid	\$13,635	\$470,256	\$497,592	\$981,484
Average Amount	\$100	\$318	\$316	\$308
1990-91 Grants	76	827	747	1,650
Amount Paid	\$6,019	\$136,313	\$121,757	\$264,089
Average Amount	\$79	\$165	\$163	\$160
1989-90 Grants	0	28	843	871
Amount Paid	\$0	\$4,313	\$129,447	\$133,760
Average Amount	\$0	\$154	\$154	\$154

*Applications processed through April 15, 1997.

11. Prior to 1989-90, grants were only available to enlisted members who were not receiving federal educational benefits and participation was negligible. The tuition grant reimbursement percentage was raised from 25% to 50% in the 1991-93 biennial budget. In addition, reimbursement for graduate level courses was authorized and officers and full-time enlisted personnel were made eligible for the program. As a result, program participation almost doubled in the first year (1991-92) after the changes.

12. In 1994-95, uncertainty regarding availability of spring 1995 grants due to a funding shortfall presumably caused a significant portion of the decline in grants in that year. Then, in the 1995-97 biennial budget, program eligibility was modified by limiting grants to enlisted members only and only for baccalaureate degree work. Program demand further decreased by some 15% in 1995-96, presumably primarily because of these program modifications.

13. There are two questions which the Committee may wish to consider with regard to this issue. The first is, if the Governor's recommendation is to be approved, what net level of funding should be considered for inclusion in the bill? The second question is what effect will the increased reimbursement level have on increasing the net actual strength of the Wisconsin Army National Guard? The following discussion points focus on these two questions.

14. The Governor's budget includes an additional \$2,000,000 GPR per year for the estimated additional costs of the program with a 100% reimbursement rate. However, the Governor's budget also assumes that \$1,000,000 per year of a total appropriated level of \$3,578,700 annually will not actually be spent. Therefore, the Governor's recommendation assumes that half of the additional funding each year will not be expended. The \$1 million of lapse each year, however, will occur only if DMA actually does not spend \$1 million of the total \$3.6 million appropriated. DMA is under no obligation to lapse any funds and in fact, anticipates that it may well spend the full appropriation. If DMA expends the full amount it would legally be entitled to spend, the general fund ending balance will be short \$2 million from the Governor's budget projections.

15. It could be argued that if the Governor projects that only an additional \$1 million is likely to be required to fund the program, that is the amount that should be appropriated for the program. If the Committee decides to approve the Governor's recommendation for the increase in tuition reimbursement grant to 100%, it could adjust the appropriation to the actual net amount included by the Governor (\$1,000,000 per year) and delete the corresponding assumed \$1 million per year lapse.

16. As a part of this office's analysis of the Governor's recommendation, an estimate of the potential expenditures was developed at the 100% reimbursement rate. In making this estimate, it was assumed that the increase in Guard's strength that is DMA's goal would be realized, except that the overall goal would not be reached until the second year of the biennium. Based on that assumption and the most comparable past participation rates that could be

determined, it is estimated that the total cost of the program under the increased reimbursement level would be \$3,167,300 GPR in 1997-98 and \$3,559,400 GPR in 1998-99. If these estimates are compared to the estimated cost of the program under the Governor's recommendations, the appropriation level in the bill could be reduced by \$411,400 GPR in 1997-98 and \$19,300 GPR in 1998-99. However, there would be no estimated lapse. Therefore, the savings of \$430,700 in the 1997-99 biennium would be offset by eliminating the estimated lapse of \$2,000,000 from the appropriation in 1997-99.

17. It is difficult to ascertain from actual program experience what the specific effect on recruitment and retention an increase in the reimbursement rate has had in the past. The Department argues that an increase in the rate would be a very positive incentive and points to several surrounding states as examples.

18. National Guard state benefits vary considerably among states. Information on states surrounding Wisconsin is presented below.

- Minnesota provides a tuition and textbook reimbursement grant program. Reimbursement rates vary depending on where the guard member attends school (\$46 per credit for undergraduate work at the University of Minnesota and lesser amounts for other schools). The grants may be used in conjunction with the Montgomery GI Bill or the federal tuition assistance program. All army and air national guard members are eligible for the state program, regardless of rank. The program covers both undergraduate and graduate studies, along with flight training and some correspondence work. In addition to the tuition grant program, Minnesota offers an enlistment bonus of \$500 and a re-enlistment bonus of \$1,500. Minnesota's Army National Guard actual strength was reported as being at 100% of its authorized strength in September of 1996.

- Michigan does not provide any state-funded educational benefits to its guard members. Michigan does, however, offer certain other state-funded benefits including state tax exemption for guard pay and \$600 annual retirement pay for its members. Michigan's Army National Guard actual strength was reported in September of 1996 as being at 97% of its authorized strength.

- Illinois provides 100% tuition exemption for up to eight semesters at a state-supported college or university. All members of the Guard are eligible for the tuition exemption for both undergraduate and graduate course work. In addition to the tuition exemption, the state provides a state tax exemption for guard pay. The Illinois Army Guard actual strength was reported in September, 1996, as being at 88% of authorized strength. However, since then there was a change affecting authorized strength which lowered Illinois authorized strength from 12,981 to 9,623 and as a result, as of March 31, 1997, Illinois' actual strength was at a 104.9% of its lower assigned strength.

- Iowa currently does not have any state tuition grant program. However, there was a proposal in the Governor's budget to provide 50% tuition reimbursement for certain guard

members. The provision has passed the Legislature and is awaiting the Governor's signature. The program would begin by providing 50% tuition reimbursement, not to exceed 50% of the resident tuition rate for a regents university with priority given to freshman and sophomore full-time college students. The program would provide up to eight semesters of reimbursement for full-time undergraduate course work or 16 semesters of undergraduate course work for part-time students. Guard members who have a baccalaureate degree would be ineligible for the program. Iowa also currently has a student loan repayment program of up to \$2,000 a year with a \$10,000 maximum. Iowa's Army National Guard actual strength as of September, 1996, was reported as being at 94% of assigned strength.

- Indiana does not have tuition grant program. There was a proposal before Indiana Legislature to provide 100% tuition reimbursement for guard members up to a doctoral-level degree for officers and enlisted guard members with reimbursement not to exceed the state school's tuition rate. However, the current legislative session has ended and this proposal was not passed. Indiana's Army National Guard actual strength was reported in September, 1996, as being at 84% of its authorized strength.

19. What can be seen from this information on surrounding states' benefits and the corresponding percentage of authorized strength is that it is difficult to readily compare which state's guard benefits are higher and the associated impact on guard strength. It is not clear whether or not there is a direct correlation between the amount of tuition assistance a state provides its national guard members and its percentage of authorized strength. There may be many factors, including such things enlistment bonuses, loan repayments and retirement payments, and the types of units available that play a role in attracting and retaining guard members.

20. In addition to the DMA's state tuition grant program, certain guard members can receive additional educational benefits. For example, the Montgomery GI Bill provides for certain enlisted guard members a maximum benefit of \$7,317 for four, nine-month school years of full-time studies up to and including graduate work. These benefits may be received in addition to the state tuition grant program. In addition, there is a federal tuition assistance program which provides up to \$1,020 per federal fiscal year to officers and enlisted soldiers for educational classes up to and including graduate degrees. However, to be eligible for the federal tuition assistance program the guard member cannot be receiving any other type of federal educational benefits for the same class.

22. If the Committee feels it is important to make an increase in tuition reimbursement rate to support efforts to increase Guard member strength but wishes to consider an option that would require less of an appropriation increase compared to the Governor's recommended level, one option would be increase the reimbursement level to 75%. If this alternative were approved by the Committee, the appropriation level in the bill could be reduced by \$1,203,200 GPR in 1997-98 and \$909,100 GPR in 1998-99. However, there would again be no estimated lapse from this appropriation projected because this would be the expenditure level anticipated. Therefore,

the savings of \$2,112,300 would be offset by the elimination of the estimated lapse of \$2,000,000 from the appropriation.

23. During the Committee's discussion of this issue, the question was raised regarding the eligibility of warrant officers for the program and the cost of restoring eligibility for the program to these members. Current law provides warrant officers are not eligible for the national guard tuition grant program. Prior to 1995, warrant officers were eligible for the national guard tuition grant program. However, 1995 Act 27 eliminated eligibility for warrant officers effective with courses completed on July 29, 1995.

24. It is estimated that if warrant officers were eligible for the program the following additional costs would have to be added to the overall program funding level:

- At 50% reimbursement: \$13,400 GPR in 1997-98 and \$15,000 GPR in 1998-99.
- At 75% reimbursement: \$20,000 GPR in 1997-98 and \$22,500 GPR in 1998-99.
- At 100% reimbursement: \$26,700 GPR in 1997-98 and \$30,000 GPR in 1998-99.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to change the tuition grant reimbursement level to 100%, provide an increase of \$2,000,000 GPR annually in DMA's tuition grant appropriation and estimate a lapse of \$1,000,000 GPR annually from the appropriation in the general fund condition statement.

2. Modify the Governor's recommendation to provide only the net increased appropriation amount of \$1,000,000 GPR (\$3,578,700 GPR annual appropriation amount recommended by the Governor less the Governor's estimated lapse of \$1,000,000 GPR annually) in DMA's appropriation.

<u>Alternative 2</u>	<u>GPR</u>
1997-99 REVENUE (Change to Bill)	- \$2,000,000
1997-99 FUNDING (Change to Bill)	- \$2,000,000

3. Modify the Governor's recommendation by modifying the level of funding to: (a) reflect a reestimate of total program demand at 100% reimbursement level at \$3,167,300 GPR in 1997-98 and \$3,559,400 GPR in 1998-99 (a reduction to the Governor's appropriation level of \$411,400 GPR in 1997-98 and \$19,300 GPR in 1998-99); and (b) remove the lapse estimate for this program from the general fund condition statement (-\$1,000,000 GPR-REV annually).

<u>Alternative 3</u>	<u>GPR</u>
1997-99 REVENUE (Change to Bill)	- \$2,000,000
1997-99 FUNDING (Change to Bill)	- \$430,700

4. Provide: (a) for an increase in the current reimbursement level from 50% to 75%; (b) estimate total program demand at \$2,375,500 GPR in 1997-98 and \$2,669,600 GPR in 1998-99 (a reduction of the Governor's appropriation level of \$1,203,200 GPR in 1997-98 and \$909,100 in 1998-99); and (c) remove the lapse estimate from the general fund condition statement (-\$1,000,000 GPR-REV annually).

<u>Alternative 4</u>	<u>GPR</u>
1997-99 REVENUE (Change to Bill)	- \$2,000,000
1997-99 FUNDING (Change to Bill)	- \$2,112,300

5. Maintain current law.

<u>Alternative 5</u>	<u>GPR</u>
1997-99 REVENUE (Change to Bill)	- \$2,000,000
1997-99 FUNDING (Change to Bill)	- \$4,000,000

6. *In addition to any of the alternatives listed above*, modify current law to provide that warrant officers would be eligible for the national guard tuition grant program effective for courses completed on or after the effective date of the bill and provide additional funding according to one of the following reimbursement amounts:

a. Provide additional funding of \$13,400 GPR in 1997-98 and \$15,000 GPR in 1998-99 for payment of grants to warrant officers at the current 50% reimbursement rate.

<u>Alternative #6a</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	\$28,400

b. Provide additional funding of \$20,000 GPR in 1997-98 and \$22,500 GPR in 1998-99 for payment of grants to warrant officers at a 75% reimbursement rate.

<u>Alternative #6b</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	\$42,500

c. Provide additional funding of \$26,700 GPR in 1997-98 and \$30,000 GPR in 1998-99 for payment of grants to warrant officers at a 100% reimbursement rate.

Alternative #6c	GPR
1997-99 FUNDING (Change to Bill)	\$56,700

Prepared by: Tricia Collins

MO# Alt 3

BURKE	(Y)	N	A
DECKER	(Y)	N	A
GEORGE	(Y)	N	A
2 JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
SHIBILSKI	(Y)	N	A
COWLES	(Y)	N	A
PANZER	(Y)	N	A
JENSEN	(Y)	N	A
OURADA	(Y)	N	A
HARSDORF	(Y)	N	A
ALBERS	(Y)	N	A
GARD	(Y)	N	A
KAUFERT	(Y)	N	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

AYE 16 NO 0 ABS 0

MO# 6c

BURKE	(Y)	N	A
DECKER	(Y)	N	A
GEORGE	(Y)	N	A
2 JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
SHIBILSKI	(Y)	N	A
COWLES	(Y)	(N)	A
PANZER	(Y)	(N)	A
JENSEN	(Y)	(N)	A
OURADA	(Y)	(N)	A
HARSDORF	(Y)	(N)	A
ALBERS	(Y)	N	A
GARD	(Y)	N	A
KAUFERT	(Y)	N	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

AYE 11 NO 5 ABS 0

MILITARY AFFAIRS

National Guard Tuition Grant Program Eligibility

Motion:

Move to authorize retroactive eligibility for the National Guard tuition grant program for warrant officers. Provide \$18,500 GPR in the tuition grant program appropriation in 1997-98 for payment of retroactive reimbursement claims. Specify that any tuition grant reimbursement under this retroactive eligibility provision shall be at the reimbursement level and in accord with the other eligibility criteria in effect for eligible participants who received reimbursement under the program for courses completed on or after July 29, 1995, through the effective date of this budget bill. Provide that any warrant officers eligible for retroactive tuition grant reimbursement under this provision would have to apply to the Department of Military Affairs for such reimbursement within 120 days of the effective date of the bill.

Note:

Current law provides that the following guard members are not eligible for the national guard tuition grant program: (1) officers; (2) warrant officers; (3) an individual with a baccalaureate degree or its equivalent; (4) anyone failing to meet the national guard service eligibility criteria established by the Department of Military Affairs by rule; and (5) anyone delinquent in child support or maintenance payments, past support, medical expenses or birth expenses as established by the receipt by the Department of a certification of delinquency.

Prior to 1995 Act 27, warrant officers were eligible for the National Guard tuition grant program. 1995 Act 27 eliminated eligibility for warrant officers effective starting with courses completed on July 29, 1995.

This motion would provide retroactive eligibility and reimbursement (at the 50% reimbursement level) for warrant officers who otherwise would have been eligible for a reimbursement grant for courses completed from July 29, 1995, through the effective date of this budget bill. The eligible warrant officer would have 120 days from the passage of the bill to apply for the grant for retroactive eligibility reimbursement. Warrant officers who had a baccalaureate degree on or after July 29, 1995, would not be eligible for retroactive grants.

[Change to Bill: \$18,500 GPR]

MO# 940

BURKE	(Y)	N	A
DECKER	(Y)	N	A
GEORGE	(Y)	N	A
) JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
SHIBILSKI	(Y)	N	A
COWLES	(Y)	N	A
PANZER	Y	(N)	A

JENSEN	Y	(N)	A
OURADA	Y	(N)	A
HARSDORF	Y	(N)	A
ALBERS	Y	(N)	A
GARD	Y	(N)	A
KAUFERT	Y	(N)	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

AYE 8 NO 8 ABS 0

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Minor Policy and Technical Changes (Military Affairs)

A. NATIONAL GUARD TUITION GRANT PROGRAM

[LFB Summary: Page 378, #2a]

Current Law

Provides that qualifying schools for the purpose of the Wisconsin National Guard tuition grant program are: (1) the extension division and any center or campus of the University of Wisconsin System; (2) any accredited institution of higher education as defined by the Department of Education; and (3) any technical college.

Governor

No provision.

Modification to Bill

Amend current statutory law to provide that a qualifying school for the purpose of the Wisconsin National Guard tuition grant program means any accredited institution of higher education as defined by the rule of the Higher Educational Aids Board, instead of the Department of Education.

Explanation: Prior to 1995 Act 27, qualifying schools included any accredited institution of higher education as defined by rule of the Higher Educational Aids Board.

However, 1995 Act 27 eliminated the Higher Educational Aids Board and transferred its responsibilities to a newly-created Wisconsin Department of Education. In March of 1996, the Wisconsin Supreme Court held that the creation of the Department of Education was unconstitutional and therefore void. The intent of the budget bill was to eliminate all references to the Department of Education, however, the language in reference to the National Guard tuition grant program was not changed. This modification would delete the reference to Department of Education and replace it with the Higher Educational Aids Board, thereby amending to the statute to reflect its content prior to the 1995 Act 27 changes noted above.

B. POSITION FUNDING SHIFT

[LFB Summary: Page 381, #8]

Governor

Reduce GPR funding for the Administrator of the Division of Emergency Management by \$18,600 annually and provide federal funding of \$18,600 annually (25% of total position cost).

Modification to Bill

Transfer -0.25 GPR and 0.25 FED FTE position authorizations from the classified positions line to unclassified positions line.

Explanation: The Administrator of the Division of Emergency Management is an unclassified position. The Governor intended to reduce GPR funding for that position by 25% and provide federal funding for 25% of the total position cost. The modification provides that the recommended funding changes are applied to the unclassified positions line rather than classified positions line.

Prepared by: Tricia Collins

MO# modifications

1 BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
WINEKE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A
PANZER	<input checked="" type="radio"/>	N	A
JENSEN	<input checked="" type="radio"/>	N	A
2 OURADA	<input checked="" type="radio"/>	N	A
HARSDORF	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 16 NO 0 ABS 0

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Regional Emergency Response Teams Appropriation - Level A Teams (Military Affairs)

CURRENT LAW

The State Emergency Response Board (SERB) contracts with eight teams to provide regional emergency response services for level A hazardous releases. Level A hazardous releases are generally defined as the release of a hazardous substance that necessitates the highest level of protective equipment for the skin and respiratory system of emergency response personnel. In 1996-97, \$1,400,000 SEG is provided in a continuing appropriation from the transportation fund for this purpose.

GOVERNOR

Continue base level funding of \$1,400,000 SEG annually for the regional emergency response teams appropriation.

DISCUSSION POINTS

1. 1991 Act 104 created the requirement for the establishment of regional emergency response teams, otherwise known as level A teams. The SERB is required by statute to contract with no fewer than seven and no more than nine regional teams throughout the state to respond to the most hazardous spills, "level A" releases. To date, the SERB has established contracts with eight regional response teams (Superior, Appleton/Green Bay, Madison, Milwaukee, Racine, Wausau, Eau Claire/Chippewa Falls and Oshkosh/Manitowoc/Sheboygan).

2. Act 104 was effective January 3, 1992. Table 1 below shows the commencement and expiration dates and term for each current contract.

TABLE 1

**Commencement and Expiration Dates
Level A Contracts**

	<u>Commencement Date</u>	<u>Expiration Date</u>	<u>Term</u>
Superior	July 1, 1993	June 30, 1998	5 years
NE Team	July 1, 1994	June 30, 1999	5 years
Appleton	July 1, 1994	June 30, 1999	5 years
Wausau	July 1, 1994	June 30, 1998	4 years
Milwaukee	January 1, 1995	June 30, 1999	4.5 years
Madison	July 1, 1995	June 30, 2000	5 years
Racine	July 1, 1995	June 30, 2000	5 years
Eau Claire	July 1, 1995	June 30, 2000	5 years

3. Even though the appropriation status for level A team contracts is a continuing appropriation, SERB has treated the \$1.4 million annual allocation to that appropriation as the maximum funding available each year for contracted payments to level A teams. Consequently, SERB structured the individual contract amounts differently as negotiated with the individual teams. The contracted annual payment amounts for each team are shown in Table 2 below.

TABLE 2

**Negotiated Annual Payment Levels
Level A Contracts**

<u>Level A Team</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>Contract Totals</u>
Superior	\$243,300*	\$195,900	\$150,000	\$150,000	\$150,000	**		\$889,200
NE WI		220,000	200,000	180,000	150,000	150,000	**	900,000
Appleton/Green Bay		103,325	155,000	220,000	170,000	100,000	**	748,325
Madison			200,000	200,000	225,000	300,000	300,000	1,225,000
Milwaukee		150,000	300,000	300,000	300,000	300,000	**	1,350,000
Racine			175,000	200,000	200,000	275,000	185,000	1,035,000
Wausau		730,775	22,865	-0-	23,810	**		777,450
Eau Claire/Chippewa Falls			197,135	150,000	181,190	221,675	250,000	1,000,000
Total	\$243,300	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,346,675	\$735,000	\$7,924,975

*This payment was made out of a 1993-94 PR funded appropriation.

** Contract expires.

4. As indicated in Tables 1 and 2, two of the current contracts will expire on June 30, 1998. This raises two questions which the Committee may wish to consider. First, should those contracts be renegotiated for another four to five years? Second, if so, what should be the basis for renegotiation, including what amount of funding should SERB assume is available for future contracts and what should be the basis on which the funding will be provided to the new teams?

5. It has been indicated by DEM staff that SERB is beginning to consider these questions as it looks at the two contracts that will expire on June 30, 1998. It is anticipated that steps to develop renewal or alternative contracts could begin as early as this summer or fall.

6. Consequently, answers to the above questions are not readily determinable at this time. However, because two contracts will expire in the next biennium and three more in the following year, it could be argued that additional legislative direction is needed with regard to future funding for Level A contracts.

7. From a contract funding standpoint, it should be noted that the current contracts reference two types of regional response team costs: (a) standby costs; and (b) team response costs.

8. Standby costs are identified as including: (a) specialized training expenses; (b) medical surveillance; (c) response vehicles; and (d) other response supplies and equipment purchases such as chemical protective equipment and detection and monitoring equipment. Each team provided the SERB with a budget for standby costs. However, the amounts that were listed are subject to being transferred within each account. Therefore, these budgets are viewed by DMA as only providing an indication as to what each team believed its contract payments would be expended on each year. Staff at DEM state that amount of the annual payment specified in the individual contract for standby costs is made at the beginning of each fiscal year and they do not perform any audits or otherwise review any team's actual expenditures of the funds from the annual payment amounts.

9. Team response costs were identified as including: (a) reimbursement for use of vehicles and apparatus; (b) personnel expenses; and (c) emergency expenses. Personnel expenses may reflect replacement personnel costs and indirect charges/costs for wage, fringe, death and duty disability retirement benefits. Emergency expenses are defined as necessary and reasonable emergency expenses related to response services rendered under the agreement.

10. The statutes provide that costs incurred by a team in responding to a level A release shall be reimbursed by the Board through one of three mechanisms. First, reimbursement for these costs may be provided from the amounts collected from the person who possessed or controlled the hazardous substance that was released or the person who caused the release of the hazardous substance. Second, reimbursement may be provided from a separate emergency response supplement appropriation if the regional team has made a good faith effort to identify

the person responsible and that person cannot be identified or the responsible person is unable to fully pay for the team's response costs.

11. The emergency response supplement appropriation is funded from the unexpended amounts in the appropriation that funds level B team equipment and computer grants which are then lapsed to the supplement appropriation. The statutes provide that the emergency response supplement appropriation can have a maximum balance of \$500,000 and once the funding reaches that level, the appropriation may not be supplemented from any subsequent lapse until the balance falls below \$400,000 on June 30 of that year. Further, the statutes provide that no money may be lapsed from the computer and equipment grant appropriation to the emergency response supplement appropriation after June 30, 1998. Both level A and level B teams are eligible to seek reimbursement from this appropriation. To date, (May 13, 1997), since the creation of this appropriation, \$8,035 has been expended from the emergency response supplement appropriation.

12. In addition to the two mechanisms described above, the statutes provide that regional response teams may also be reimbursed for response costs from the continuing appropriation that funds level A teams. However, DEM indicates that it has no funding to cover such costs since it has fully committed to annual payments totalling \$1,400,000 through 1997-98.

13. The Committee could take two steps that would ensure further legislative review of these questions before SERB finalizes any new contracts which could have fiscal implications for both the second year of the next biennium (1997-99) and 1999-01 as well.

14. First, the Committee could change the current appropriation from a continuing appropriation to a sum certain appropriation set at \$1,400,000 SEG in 1997-98 and \$1,346,700 SEG in 1998-99. This would limit the 1997-99 funding to the current contracted payment amounts. Further, the Committee could repeal the language regarding funding for response reimbursement under this appropriation since a separate appropriation (emergency response supplement) currently exists for this purpose.

15. Second, the Committee could include session law language directing that SERB review the need for, and best approach to fund future service contracts with regional response teams. Further, SERB could be required to: (a) report to the Governor and the Legislature by January 1, 1998, with its recommendations; (b) not commence the negotiation of any new contracts until after the report is submitted; and (c) notify the Joint Committee on Finance under a 14-day passive review process of any funding commitments it is entering into before it agrees to any renewed or new contracts with regional response teams.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to continue base level funding of \$1,400,000 SEG annually for the regional emergency response teams appropriation.

2. Change the current appropriation for funding level A regional response teams from a continuing appropriation to a sum certain annual appropriation with funding set at \$1,400,000 SEG in 1997-98 and \$1,346,700 SEG in 1998-99. Further, delete all references to reimbursement from this appropriation of regional emergency response team for costs incurred by a team in responding to a level A releases.

<u>Alternative 2</u>	<u>SEG</u>
1997-99 FUNDING (Change to Bill)	- \$53,300

3. *In addition to Alternative 2*, require the SERB to review the issue of the need for and best approach to contracting with and funding level A regional response teams. Further, require the SERB to report to the Governor and the Legislature by January 1, 1998, with its recommendations and prohibit SERB from commencing the negotiation of any new contracts until after the report is submitted. Finally, require SERB to notify the Joint Committee on Finance under a 14-day passive review process of any funding commitments it is entering into before it agrees to any renewed or new contracts with level A regional response teams.

Prepared by: Tricia Collins

MO# _____

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE _____ NO _____ ABS _____

MILITARY AFFAIRS

Regional Emergency Response Teams Appropriation

Motion:

Move to change the current appropriation for funding level A regional response teams from a continuing appropriation to a sum certain annual appropriation with funding set at \$1,400,000 SEG in 1997-98 and \$1,346,700 SEG in 1998-99. Further, delete all references to reimbursement from this appropriation of regional emergency response team for costs incurred by a team in responding to a level A releases. In addition, require SERB to notify the Joint Committee on Finance under a 14-day passive review process of any funding commitments it is entering into before it agrees to any renewed or new contracts with level A regional response teams.

[Change to Bill: -\$53,300 SEG]

MO#

960

BURKE	(Y)	N	A
DECKER	(Y)	N	A
GEORGE	(Y)	N	A
JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
SHIBILSKI	(Y)	N	A
2 COWLES	(Y)	N	A
PANZER	(Y)	N	A
1 JENSEN	(Y)	N	A
OURADA	(Y)	N	A
HARSDORF	(Y)	N	A
ALBERS	(Y)	N	A
GARD	(Y)	N	A
KAUFERT	(Y)	N	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

AYE 16 NO 0 ABS 0

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Emergency Response Equipment Appropriation -- Level B Teams (Military Affairs)

CURRENT LAW

The State Emergency Response Board (SERB) operates an annual calendar year grant program which provides up to \$10,000 annually for computer and hazardous materials response equipment grants to county local emergency planning committees (LEPCs). In 1996-97, \$720,000 SEG is provided in a sum certain appropriation from the transportation fund for this purpose.

GOVERNOR

Continue base level funding of \$720,000 SEG in 1997-98 and 1998-99 for the computer and hazardous material response equipment grants appropriation.

DISCUSSION POINTS

1. 1987 Act 342 created a grant program for county local emergency planning committees (LEPCs). Subsequently, 1991 Act 104 established certain statutory requirements that had to be met by an LEPC in order to receive an equipment grant. This grant program provides funding for computers and for the purchase of hazardous materials response equipment.

2. In order to receive a grant for the purchase of hazardous materials response equipment, a LEPC must submit to SERB a strategic plan for emergency response to hazardous substance releases in the LEPC's county that includes the following: (a) an analysis of the risks of hazardous substance releases in the county; (b) an identification of the existing capability for

emergency response to hazardous substance release in the county; (c) an assessment of needs, including equipment and training needs, related to emergency response to hazardous substance release in the county; (d) a specification of a process to maintain or increase the capability for emergency response to hazardous substance releases in the county; (e) an identification of a county (Level B) emergency response team that is capable of responding to a level B release that occurs at any place in the county and whose members meet the standards for hazardous materials technicians; and (f) specification of procedures for county emergency response team actions that are consistent with the LEPC's emergency response plan.

3. Act 104 provided that a LEPC which submits to SERB an acceptable strategic plan, including the designation of a public level B response team for the county, is eligible for a matching annual grant of up to \$10,000 for the cost of hazardous materials response equipment and computers. Eligible response equipment must be specialized hazardous material response equipment not suitable for general fire response.

4. Counties which do not have an approved strategic plan, including the designation of a public level B team as their emergency response provider, are eligible only for a computer grant. Computer grants are available to all LEPCs up to a maximum of \$12,000 for a four-year grant cycle, commencing with the calendar year 1996 grant cycle. For one year of the four-year grant cycle, up to a maximum of \$6,000 of the cost of computer equipment is eligible for reimbursement. For each of the remaining three years of the four-year grant cycle, up to a maximum of \$2,000 of the cost of computer equipment is eligible for reimbursement.

5. The combined total of the equipment and computer grants a LEPC may receive each year cannot exceed \$10,000. Therefore, the maximum amount available for an equipment grant for a LEPC is determined by subtracting any amounts received for computer grants for that year from \$10,000, the maximum total amount allowed for both grants in a year. A matching amount of 20%, which may be in-kind, is required of counties in order to receive funding.

6. As of February 19, 1997, 31 counties had established level B teams, 9 counties had contract/agreements with neighboring public level B teams, 12 counties had indicated an intent to or already had contracted privately for level B coverage and 12 counties were working on: (a) either the development of their own level B team; or (b) entering into agreements with a neighboring county team for level B coverage. Eight counties had no plans at this time for a level B coverage or were undecided in their plans.

7. The expenditure history for this grant program since the establishment of funding from the transportation fund is shown in the table below:

<u>Fiscal Year</u>	<u>Amount</u>
1994-95	\$131,409*
1995-96	196,956
1996-97	305,275**

* Under provisions of 1995 Act 13, \$500,000 was lapsed on June 30, 1995, from this appropriation to the emergency response supplement appropriation instead of the unexpended funds at year-end reverting to the transportation fund.

** Expenditures through May 13, 1997.

8. As can be seen from the table, expenditures in the last three years have been substantially below the annual budget level of \$720,000. Three possible reasons for this are: (a) counties have to provide a match for a grant and receive money based on actual expenditures and some counties may have problems meeting the match requirement; (b) a number of counties are requesting less than the maximum grant amount; and (c) not all counties are currently eligible for full grants. It should be noted, however, that expenditures have increased substantially in 1995-96, presumably due at least in part to a reduction of the match requirement for the grants. Prior to May 31, 1995, counties were required to provide a 50% cash match in order to be eligible for a grant. However, that required match amount was reduced to 20% on June 1, 1995, and the match could be either cash or in-kind. Under current law, this change is due to expire on September 1, 1997.

9. DMA has historically budgeted \$720,000 annually for this program, based on the maximum grant amount of \$10,000 per county for 72 counties. The appropriation level for this program has been substantially overbudgeted. Under the Governor's recommendations, a total of \$720,000 SEG per year would again be appropriated from the transportation fund for this program in 1997-98 and 1998-99. The Committee could decide to reduce the level of the appropriation based on a reestimate of likely demand in the next biennium.

10. Currently, there is no immediate expectation that the eight counties with no plans or undecided status for establishing a level B team will be developing a Level B team anytime soon. In addition, 12 counties are contracting with private contractors or have indicated they are planning to do so. Teams without level B team coverage or those that are contracting privately for that coverage are not eligible for equipment grants. Therefore, based on the average level of previous computer grants for these counties, the Committee could reduce the total level budgeted for computer and equipment grants by \$152,000 SEG annually. This would still leave funds budgeted for computer grants for each of these counties based on the four-year grant cycle. In the event that the funding available in the appropriation would be insufficient to fully fund the equipment grants, DMA could request supplemental funding from the Committee under s. 13.10.

11. At present, any unexpended funds from the level B teams computer and equipment grant appropriation may be transferred to the emergency response supplement appropriation under

certain conditions. The emergency response supplement appropriation was created to provide reimbursement payments for both level A and level B teams when the party responsible for the hazardous substance release is either not identifiable or is unable to fully pay for the team's response costs.

12. Under current law, future transfers to the emergency response supplemental appropriation would occur only when the current balance in the appropriation falls below \$400,000 at which time funds may be transferred to restore the balance of the appropriation to \$500,000. By reducing the estimated excess funding in the computer and equipment grant appropriation, some may argue that less unexpended funding will be available to potentially be transferred to the emergency response supplement appropriation. However, the current balance in the supplement appropriation is \$491,965, and consequently, no transfer is likely in this year. Further, expenditures to date have totalled only \$8,035. Finally, under current law, no future funding for this appropriation is provided after June 30, 1998, and no monies may be encumbered after June 30, 1999, in the emergency response supplement appropriation. Therefore, it is unlikely that reducing the overall funding of the computer and equipment grant appropriation will affect funding for emergency response supplement appropriation under current law.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to continue base level funding of \$720,000 SEG in 1997-98 and 1998-99 for the emergency response equipment and computer grant program.

2. Modify the Governor's recommendation to delete \$152,000 SEG annually from the emergency response equipment appropriation to reflect a reestimate of the projected county participation in the emergency response equipment and computer grant program in 1997-99. The \$304,000 SEG that would not be appropriated would remain in the balance of the transportation fund.

<u>Alternative 1</u>	<u>SEG</u>
1997-99 FUNDING (Change to Bill)	- \$304,000

Prepared by: Tricia Collins

MO# Alt 2

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A

2 JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS 0

Senator Cowles
Senator Jauch
Representative Ourada

MILITARY AFFAIRS

HazMat Computer and Equipment Grant Matching Requirements

Motion:

Move to make permanent the provision that is currently in effect only until September 1, 1997, that counties must provide only a 20% match amount for computer and emergency response equipment for costs for which a county seeks an emergency response equipment grant from the State Emergency Response Board in the Department of Military Affairs.

Note:

This motion would delete the current sunset date on (and thereby make permanent) the current 20% matching amount counties must provide for computer and hazmat equipment grants. Under current law, this provision is set to sunset on September 1, 1997, at which time the counties would be required to provide a 50% match for computer and equipment grants. A similar provision is included in 1997 Senate Bill 57 which has passed the Senate and is currently in the Assembly.

MO#	935		
BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 14 NO 2 ABS 0

Motion #935

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Emergency Response Supplement Appropriation (Military Affairs)

CURRENT LAW

The emergency response supplement appropriation provides funding to reimburse both level A and level B emergency response teams for costs incurred in responding to a hazardous materials release. In the case of level A teams, the response cost may be reimbursed from this appropriation if not otherwise reimbursed by SERB and not recovered from the party responsible for the release. In the case of level B teams, costs may be reimbursed if not otherwise recovered from the party responsible for the spill. The appropriation is a continuing appropriation with revenues derived from the transfer of unexpended funds from the emergency response computer and hazmat equipment grant appropriation.

GOVERNOR

No provision.

DISCUSSION POINTS

1. 1995 Act 13 created the emergency response supplement appropriation. Act 13 funded the appropriation by modifying the appropriation language for the county emergency response computer and equipment grant appropriation to provide that, instead of having any unexpended funds lapse to the transportation fund at the end of each fiscal year, any appropriation balance on June 30 of each year is transferred to the emergency response supplement appropriation until the balance of that appropriation equals \$500,000. At that time,

no additional moneys are transferred until any succeeding June 30 on which the balance in the continuing supplement appropriation totals less than \$400,000.

2. The statutes provide that after June 30, 1998, no moneys may be transferred from the county emergency response grants appropriation to this response supplement appropriation. In addition, current law provides that after June 30, 1999, no moneys may be encumbered from the supplement appropriation.

3. The supplement appropriation is used to reimburse level A teams for costs incurred in responding to a hazardous materials release which are not otherwise reimbursed by SERB and not recovered from the party responsible for the spill. The appropriation may also be used to reimburse level B teams for costs incurred in responding to a hazardous materials release which are not recovered from the party responsible for the spill. Reimbursement from this appropriation to both regional and local response teams is subject to the teams making a good faith effort to identify the responsible party and, to the extent possible, collect the response expenses from the party. If the responsible party can not be identified or if the party is identified, and the team has received reimbursement from that person to the extent that the person is financially able or has determined that the person does not have adequate resources to reimburse the team, SERB may reimburse the team's response costs from the supplement appropriation.

4. As of May 1, 1997, \$8,035 had been expended for payment of claims for reimbursement of response costs from the emergency response supplement appropriation. The table below provides a breakdown of the amounts paid, date of payment and type of response. In two cases, the responsible party was not identifiable and in one case the responsible party filed for bankruptcy.

**Supplement Appropriation Expenditure
FY 1996-97***

<u>Emergency Response Category</u>	<u>Date Paid</u>	<u>Response Reimbursement Amount</u>
Level A	October 31, 1996	\$6,668
Level B	November 27, 1996	361
Level A	April 24, 1997	<u>1,006</u>
TOTAL		\$8,035

*Through May 1, 1997.

5. It should be noted that one additional claim for reimbursement of response costs has been paid, however, not from the supplement appropriation. In this case, the responsible

party was identified, but disputed the amount billed. The SERB approved payment to the team but directed DMA legal counsel to seek reimbursement. DMA staff indicate they expect to eventually receive reimbursement for this amount. Therefore, DMA paid the claim out of its program revenue appropriation which is provided for expenditure of monies received by the SERB from responsible parties for reimbursement of regional emergency response teams. DMA indicates the if reimbursement is not obtained prior to the close of the 1996-97 fiscal year, the charges will be moved to the emergency response supplement appropriation. The amount of this claim is \$7,850.

6. Based on expenditures to date from this appropriation it appears that the funding remaining in the appropriation should be sufficient for the 1997-99 biennium. However, the possibility always exists that if there is one large nonreimbursable response it could deplete the appropriation balance.

7. While it appears that the concept of an emergency response supplement has merit, the funding mechanism for the appropriation and payments from the appropriation will cease during the 1997-99 biennium. The Committee may wish to consider whether: (a) funding for the supplement appropriation should continue, and if so, what is the most appropriate way to provide funding for the appropriation; or (b) current law should be maintained which would result in the sunseting of the provisions providing funding for nonreimbursable response costs from the supplement appropriation after June 30, 1999.

8. The Committee could modify the current appropriation to repeal the language providing for a lapse of funds from the emergency response computer and equipment grant appropriation but establish and retain the appropriation as a continuing appropriation funded directly from the transportation fund and provide that the existing unencumbered balance continue in the new appropriation. Future additional funding would then be provided by Legislature directly from the transportation fund. Under this alternative, DMA would have to estimate the amount of funding expected to be needed in each year of the biennium. If additional funding were needed over the balance in the fund, DMA would have to request funding in the budget or from the Committee under s 13.10.

ALTERNATIVES TO BILL

1. Modify the emergency response supplement appropriation to provide that future funding for the response supplement appropriation be provided from transportation fund as a continuing appropriation. Provide that the funding of the current appropriation from lapses from emergency response equipment appropriation be repealed. Allow the current balance to be retained in the new, modified appropriation.

2. Maintain current law.

Prepared by: Tricia Collins

MO# AH 1

1 BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
2 JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS 0

MILITARY AFFAIRS

LFB Summary Items for Which No Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
1	Standard Budget Adjustments
2b	National Guard Tuition Grant Program -- Repeal Applied Receipts Funding
3	Municipal Assessments for Street Improvements
4	Facilities Repair and Maintenance Funding
6	Additional Base Engineer Staff Support
7	Information Technology Costs
9	Fuel and Utility Cost Increases
10	Wisconsin Military Academy Staffing
11	Radiological Emergency Planning Program
12	Repeal Emergency Planning Grants General Fund Loan Appropriation

LFB Summary Item to be Addressed in a Subsequent Paper

<u>Item #</u>	<u>Title</u>
5	Debt Service Reestimate

LFB Summary Item for Introduction as Separate Legislation

<u>Item #</u>	<u>Title</u>
13	Audit of "Level A" Emergency Response Teams